



VA WEATHERIZATION ASSISTANCE PROGRAM

Information Notice 03-2018

TO: ALL WEATHERIZATION SUB-GRANTEES
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DATE: 08/8/2018
SUBJECT: Buying down and leveraging funds

In recent years, the Department of Energy (DOE) has increased the focus on leveraging activities and specifically, since 2010, allowed a provision to include buy downs for multifamily weatherization in the Program. This provision creates flexibility for programs to install measures that save energy but do not achieve the necessary Savings-to-Investment Ratio (SIR) by allowing the agencies to secure funding to apply to the cost of the measure, bringing down the cost of the measure to meet the SIR requirement.

In an attempt to clarify these allowances, DHCD has compiled some examples to help differentiate between buying down and leveraging funds. Please see the following definitions from DOE and attached FAQs for additional clarification:

Buy Down – aligns with a private interest and the funding source retains the decision-making authority in identifying the building being selected for installation of the measure(s). *These can only occur on multifamily properties* and in order for measures to qualify for the buy down, the package of measures, (including pre-buy down cost of the measure) must have an SIR \geq 1.0.

Leveraged – aligns with the intention of supplementing the weatherization resources and the funding source does not identify specific buildings for the investment. For the purpose of WAP, funds that are considered “leveraged,” indicates the funding source has transferred decision-making authority to the WAP agency to determine which buildings will receive the measure(s). These funds can be used on both single and multifamily units.

Additional information can be found in **Memorandum 035: Weatherization Leveraging** issued by The Department of Energy on May 10, 2018.

FAQs

What if an owner lives in his own MF property and wants to help pay for a measure? Would this be considered a landlord contribution?

The landlord contribution is separate from buy down funds. Buy Down funds cannot be applied to the unit occupied by an owner. Buy down funds are injected into the project to allow desired measures to move forward when the project budget is not capable of carrying them as part of the package of measures. The package of measures must have a SIR ≥ 1.0

What if a landlord of a single-family dwelling wants to help pay for a particular measure?

“DOE does not allow contributions from single family rental owners (including owner-occupied non rental units) (58 FR 41, page 1216)” For additional information see Memorandum 035.

If I receive funding from a source outside of WAP (Utility, church, etc.), can we use those funds to help reduce the cost of certain measures?

These are referred to as leveraged funds. The entities providing the funds may or may not have specific goals in mind when allocating these funds but they have transferred over discretionary power to the WAP agency to determine which buildings will receive the additional money.

The entities providing the funds may or may not have specific goals in mind when allocating these funds. If they transfer discretionary power to the agency, then they are leveraged funds.

Can the funding source dictate what measures or services are being purchased with their money?

In the case of a buy down on multifamily, yes, as long as the package of measures (at pre-buy down costs) meets the threshold of ≥ 1.0 SIR. With leveraging, the entity providing the funds can stipulate what types of measures they are willing to pay for but ultimately, the WAP provider is responsible for determining which buildings/units receive the upgrade.

If I am attempting to buy down certain measures, do I enter the real cost of the measure or the reduced cost of the measure into HEAT?

The “full” price of the measure must be entered and the cumulative SIR of the package of measures must be ≥ 1.0 while the measure(s) that are part of the buy down may have an SIR ≤ 1.0 .

If I am using leveraged funds, do I enter the real cost of the measure or the reduced cost of the measure into HEAT?

To help simplify the process, DOE allows WAP subgrantees to enter the discounted or “sale” price of the measures. The discounted costs and origin of the funding source must be documented in the client’s file.

Will DHCD need to review anything related to my agency's buy down or leveraged funds usage?

Yes but only case by case. The following are examples only and not an exhaustive list.

If cost engineering methods are applied to a project utilizing leveraged funds then it will require review.

In the event not all measures of a work scope can be installed and leveraged funds are involved this would trigger a review.

When buy downs are incorporated the full cost must be modeled and the buy down measures below 1.0 SIR remains part of the package. If cost engineering occurs buy down measures will be the first to be struck and utilization of buy down funds on the new reduced work scope will require review.